Науково-методологічні засади обліково-аналітичного та фінансово-інвестиційного забезпечення сталого розвитку суб'єктів господарювання

Колективна монографія присвячена 25-річчю кафедри обліку і оподаткування Таврійського державного агротехнологічного університету імені Дмитра Моторного

Scientific and methodological bases of accounting and analytical and financial and investment support of sustainable development of economic entities

The collective monograph is dedicated to the 25th anniversary of the Department of accounting and taxation of Dmytro Motornyi Tavria state agrotechnological University

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Н-34 **Науково-методологічні засади обліково-аналітичного та фінансово-інвестиційного забезпечення сталого розвитку суб'єктів господарювання**: Колективна монографія присвячена 25-річчю кафедри обліку і оподаткування / за заг. ред. д. е. н., доц. Сокола О.Г. – Мелітополь: ТОВ «Колор Принт», 2020. 268 с. (українською та англійською мовами)

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Колективна монографія виконана в межах комплексної теми дослідження «Науково-методологічні засади обліково-аналітичного та фінансово-інвестиційного забезпечення сталого розвитку суб'єктів господарювання» (державний реєстраційний номер 0107U001146) і розрахована на широке коло вітчизняних фахівців, науковців, політиків, державних службовців, причетних до розробки та впровадження регіональної політики, студентів та викладачів та усіх тих, хто цікавиться актуальними проблемами бухгалтерського обліку, фінансів, оподаткування, аудиту та звітності.

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3. Фінансово-інвестиційне забезпечення потенціалу стабільного розвитку суб'єктів господарювання

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FISCAL DECENTRALIZATION OF UKRAINE AND THE COUNTRIES OF THE EUROPEAN UNION

In the conditions of the instability of the economic situation and the uncertainty of the development of fiscal environment that impairs the harmonization of effective relations between payers and fiscal authorities in Ukraine, the development of an appropriate tax administration system that would minimize the negative fiscal and socio-economic implications of taxation, which in total has to ensure the increase of the level of decentralization of state power and financial powers in favor of local self-government. Instead, the success of the development of fiscal decentralization in Ukraine depends on the dynamic, multi-purpose processes of structural adjustment of tax relations, the formation of system-forming elements of the model of income taxation of legal entities for intensive development of sectoral regional policy, the timely filling of the state fund of regional development, motivation of the effective use of budget funds by territorial communities.

In order to fill the budgets and prevent the cases of inappropriate spending the funds, a change in the tax system is necessary. This change would accelerate the «fiscal maneuver» of the income tax, increase the level of forecasting the revenue part of local budgets in GDP of the country and ensure balance of the specific interests of all entities of redistributive relations, taking into account international agreements and obligations [2].

The fiscal aspects of decentralization, aimed at increasing the financial capacity of the territorial communities, began with changes in the Budget and Tax Code of Ukraine and a number of important laws, in particular regarding the transfer of additional budgetary powers and stable sources of income for their implementation to local self-government bodies; encouraging territorial communities to unite and transfer to direct intergovernmental fiscal relations with the state budget with appropriate rescue provision at the level of cities of regional importance, introduction of legal principles for the formation of capable territorial communities by increasing their financial and economic capacity, etc. The mentioned legislative acts provided the local authorities with the opportunity to develop and approve in the regions perspective plans for the formation of capable territorial communities of the respective regions and submit them for approval by the Government [6].

Three basic principles of effective fiscal decentralization are recognized: a clear definition of the distribution of functional powers and the transparency of their implementation; the formed fiscal autonomy of territorial entities; development of an institutional environment for decentralization. The depth of autonomy is influenced by ethnic, demographic, geographic and political factors. In turn, the effectiveness of the implementation of the process of fiscal decentralization depends on the institutional structure and abilities of different levels of government.

Nevertheless, it is necessary to identify the features of the fiscal decentralization of Ukraine in order to improve the institutional environment of the identified process. Thus, the existing fiscal system in Ukraine is in conflict with realities. Only increased attention to the problems of distribution, redistribution and use of the new value of the created GDP, a substantiated approach to their solution can optimize and improve the structure of the revenue part of local budgets, provide more stable income, improve the current taxation system [4, p. 114].

At the same time, the main instrument of the policy of fiscal consolidation aimed at increasing tax revenues to the budget, as well as the formation of an adaptive tax system to the realities of today life, which does not hinder economic growth, is the transfer (shifting) of the tax burden from labor taxation on consumption taxation, real estate and environmental taxation. Such changes in the tax structure can generate a static and dynamic increase in efficiency [11].

Thus, in most European countries, a model of income taxation is distributed by enterprises in the form of dividends or withdrawn from the tax system of states by another means [10]. According to the study by the Tax Fund, which specializes in independent study of the features of tax policy in the world, Estonia has the most competitive tax system in the EU. In addition, for the third year, Estonia occupies the highest ranking among the EU countries in the International Tax Competitiveness Index [7]. The Estonian first place in this ranking is due to the fact that, firstly, the 20% corporate income tax rate applies exclusively to the distributed portion of the profit received; and secondly, it is a fixed rate of tax on individual income; thirdly, the parameters of the taxation of property taxes also have their own characteristics – only the cost of land is taxed; fourthly, 100% of foreign income from domestic corporations is exempt from taxation. In 2016, the average rate of corporate profit tax in the EU countries was 21.5%, in 2000 – 32% [3].

In average, in 2000-2016 the tax rate decreased by 33%, its share in the structure of GDP – by 14%. At the same time, in countries such as Austria, Belgium, Cyprus, Croatia, Latvia, Slovenia, Slovakia, the decrease in rates led to an increase in the share of tax in the structure of GDP of the countries. The exceptions are Greece and Finland – tax revenues from income tax have decreased more than doubled, and the tax rate – by 27.5% and 31.03% respectively. The share of tax on income in the structure of tax revenues in the EU countries has undergone significant changes (in 2016 it was 7.47% and decreased by an average of 13.6% compared with 2000).

In the period from 2008 to 2016, most EU countries have not only lowered the level of tax rates on income approved at the state level, but also almost all existing allowances to it, at local or regional levels. Thus, in Germany, the tax rate on legal entities decreased to 30.2%, in particular, at the state level to 15.8% (more than 40%), at the local level – to 14.4% that is approximately 15%. It positively influenced the processes of activating economic activity, accelerated the processes of decentralization. This is confirmed by the structural distribution of tax revenues in Germany. Moreover, the distribution of tax revenues between the state and local budgets is approximately the same [8, p. 10].

In Ukraine, the total tax revenues in the structure of State budget revenues increased from 69.3% in 2010 to 81.5% in 2017 [9]. The largest share in the structure of tax revenues comes from the tax on value added (the range of the rate variation is 37.2% – 47.8%). The second most popular budget-generating tax in the structure of tax revenues is the tax on profit (the range of variation is 7.7% – 17.4%). However, the share of this direct tax from 2014 at a rate of 18%, no longer has a priority in the full-fledged revenue part of the budget of Ukraine. Only 5-10% of businesses pay this tax, others are trying to optimize it. Annually, the state budget receipts from the income tax make up 8-9% of the revenue part: in 2016 – 54.3 bln.UAH, in 2017 – 66.9 bln.UAH, in 2018 – 81.8 bln.UAH. This is a confirmation that the current model of direct income taxation of legal entities in the state has exhausted itself, because of the general decline in entrepreneurial activity in the country, accumulation of losses in previous years, the availability of discretionary opportunities, corruption component, and the application of tax evasion schemes (transfer pricing, foreign currency debt and other instruments of evasion).

The above facts confirm the expediency of introducing the tax on withdrawn capital, which should be determined, first of all, by the tax base of the territory and their financial capacity. The success of its introduction depends on the functioning of the United Territorial Communities (UTC). At the same time, the state of filling the revenue part of local budgets is not only a consequence of the impact of the current legislation, but also largely depends on the active position of representatives of the local management elite.

The main declared reason for replacing the income tax is to send received revenues to local budgets for the modernization of regional production. The ability of the united communities to dispose independently and invest up to 100 bln.UAH of working capital in the development of territories, will allow to accelerate GDP growth of the country every year by 1-2%, which in turn will give the right to create new jobs.

In 2018, 665 communities were formed in Ukraine, which, in the system of balancing local budget revenues, on the principle of horizontal equalization, showed positive results. The increase of local budget revenues in May by 3.0 times (from 159.4 bln.UAH in 2010 to 464.8 bln.UAH in 2017) provided local government with conditions for the creation of financial capacity for development of infrastructure, housing and communal services, health care, education, sports and culture.

Excluding intergovernmental transfers for 2017, the revenue part of local budgets of Ukraine received 170.6 bln.UAH, and, compared with 2015, its size increased by 71.6 bln.UAH. At the same time, since 2014, the share of local budgets (with transfers) in the structure of the Consolidated Budget of Ukraine is increasing, and by the end of 2018 it has amounted to 51.5%; the share of local taxes and fees in local budgets own revenues has increased to 30%; the share of own revenues of local budgets (general fund) in GDP of Ukraine – to 7.1% (Fig. 1).

Own receipts of local budgets of UTC per inhabitant in 2016-2018 grew by 61.8%, income from personal income tax increased by 77.3%. During this period, the acceleration of the rate of loading of local taxes and fees per inhabitant was observed (from1006.3 UAH in 2016 to 1468.9 UAH in 2018) (Fig. 2.).

It should be noted that in the first stage of fiscal decentralization and introduction of the tax on withdrawn capital, the state may not receive significant revenues to the state budget, and, consequently, to local budgets. Since, in the short run, the probability of fiscal risks is high, therefore, TVA, rent, and so on can be used as compensators to fill the «hole» in the budget.

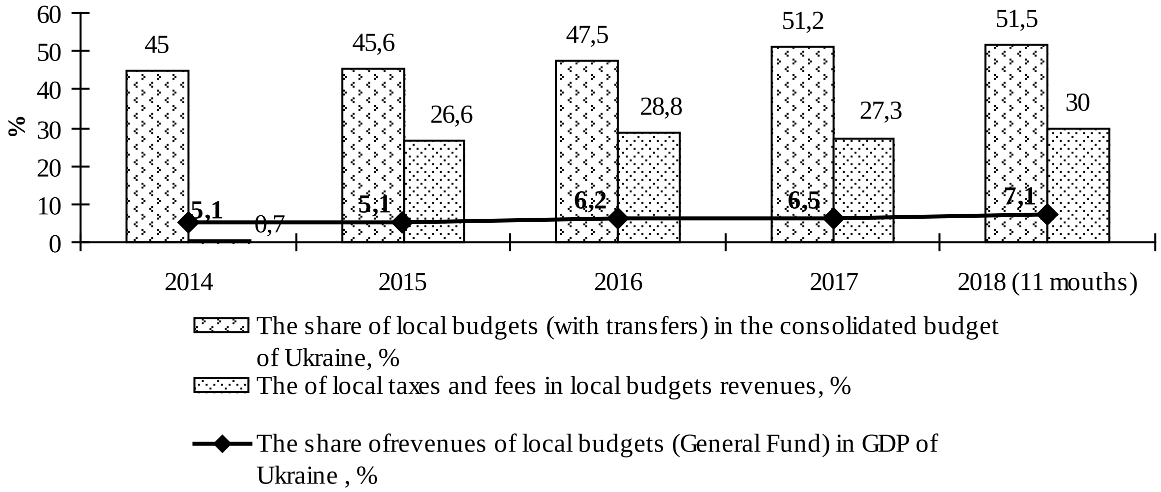

Fig. 1. **Dynamics of financial and fiscal decentralization of local budgets of Ukraine in 2014-2018**

Source: Summarized by the author according to [5]

It was because of the fall in budget revenues Sweden, Macedonia and Romania abandoned the capital tax, but the tax continues to operate in Estonia, Latvia and Georgia.

In Ukraine, from January 1, 2019, the following rates of the tax on withdrawn capital (TWC) are introduced: 15% – on capital withdrawal operations; 20% – from operations equivalent to capital withdrawals (except transactions that are taxed at the rate of 5%); 5% – of funds paid for fulfillment of debts related to non-residents (in cases of exceeding the total amount of debt obligations to all related non-resident persons over the amount of shareholders equity of the payer more than 3.5 times (for financial institutions and companies engaged in exclusively leasing activity – more than 10 times) or registration of a non-resident in a state that is in low tax jurisdictions, the rate of 20% will be applied) [1].

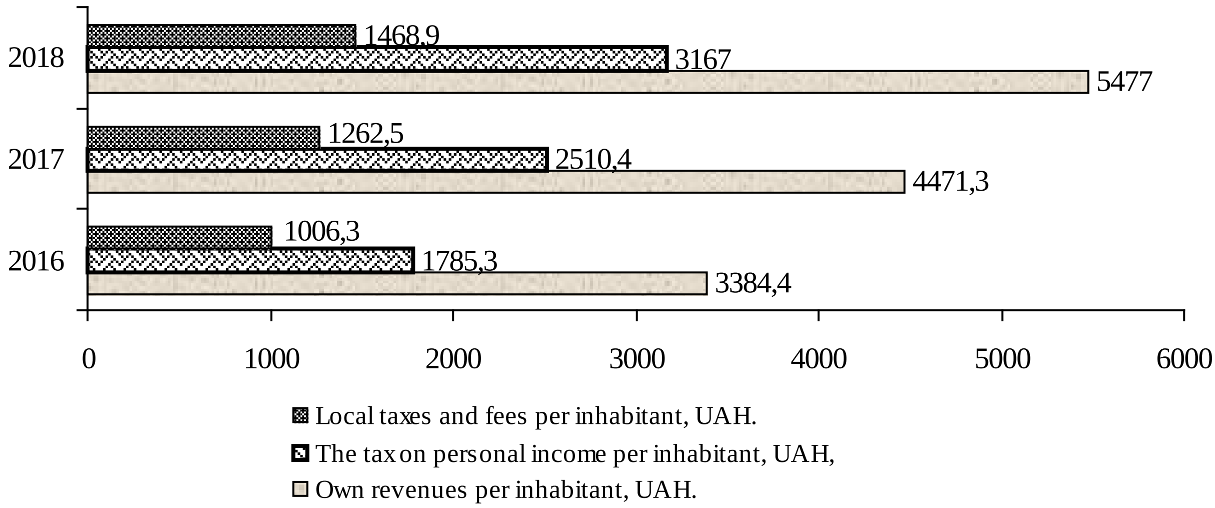

Fig. 2. **Growth of revenues of the general fund of local budgets per inhabitant in 2016-2018**

Source: Summarized by the author according to [5]

Some experts believe that the tax on withdrawn capital can create conditions for «internal offshore» at the expense of sole proprietors on a single tax. It should be noted that annually 250-300 bln.UAH are redistributed from Ukraine in offshore jurisdictions at the expense of royalties, financial assistance, loans of parent structures. In our opinion, TWC should be an incentive to reduce shadow schemes in the economy of the state, and, in the absence of full transparency of financial results from entrepreneurship, subject to the introduction of this tax, the state should tax offshore incomes of economic entities at a rate of 20%.

We believe that the complex of criteria for the formation of an alternative model of corporate income tax for the purpose of filling local budgets should be constructed on the basis of the method of estimating the fiscal effect from the tax on the withdrawn capital in the structure of consolidated budget revenues, according to the following indicators: additional investments into the domestic economy; increase in nominal and real GDP; factors-changes in the absolute size of tax revenues from the tax on withdrawn capital. We present the projected value of additional investment in the Ukrainian economy, through the introduction of an alternative model of income taxation in terms of the tax on withdrawn capital (Fig. 3).

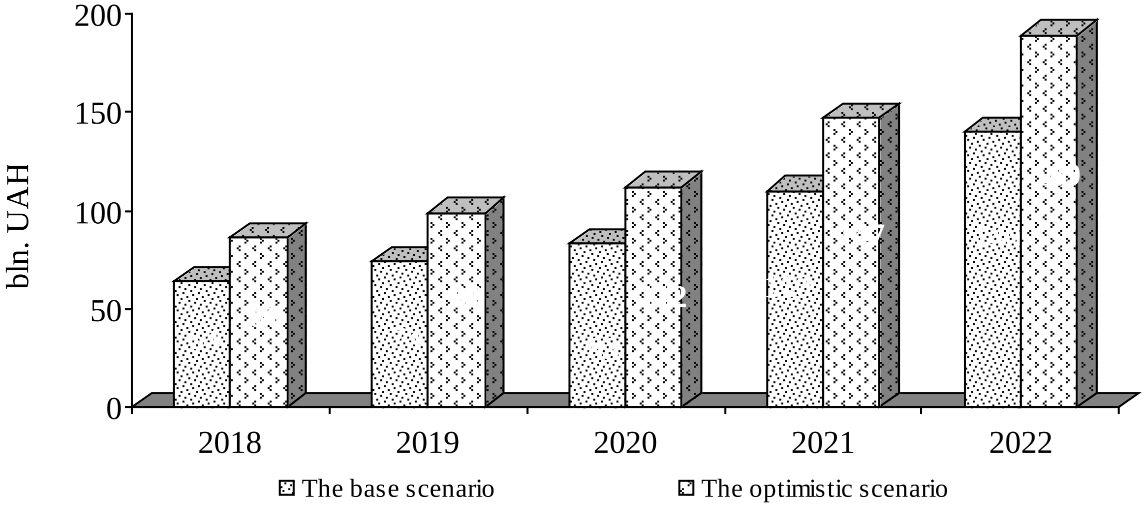

Fig. 3. **Estimated value of additional investments in the economy of Ukraine, through the introduction of the tax on withdrawn capital**

Source: Summarized by the author according to [12]

According to the data of Fig. 3, in 2018-2022 an additional volume of investments into the Ukrainian economy, through the introduction of the tax on capital withdrawn in the base scenario is 471 bln.UAH, with an optimistic figure of 633 bln.UAH.

We compare the estimated value of tax revenues from the classical and alternative models of corporate income tax in Ukraine (Fig. 4). Thus, in the base scenario of the model, all additional income of business entities at the local level will be distributed as follows: 30% for dividend payment, 40% for investment, 15% for deposits, 15% for retained earnings will be left by business entities, however, it is spent on private personal consumption of owners (it is worth assuming that 60% of this amount will be deduced, for example, to buy luxury real estate abroad, rest, and the rest will remain in Ukraine). This will stimulate the consumption and purchase of real estate within the country. The Consolidated Budget will additionally generate value added tax, personal income tax and other taxes and fees. According to the optimistic model scenario, all additional income of legal entities will be distributed as follows: 30% for dividend payment, 70% for investment.

Under the condition of the reform of the classical system of corporate income tax and the introduction of the tax on withdrawn capital (2018-2019 years), the consolidated budget of Ukraine will receive tax revenues of 36 bln.UAH. Taking into account the effect of the tax on the withdrawn capital (subject to shadowing and the effect of the multiplier of investments), in the period from 2020-2022 the amount of additional tax revenues will increase to 85 bln.UAH, respectively, in the medium-term, the positive fiscal effect of the tax on the withdrawn capital will be 49 bln.UAH.

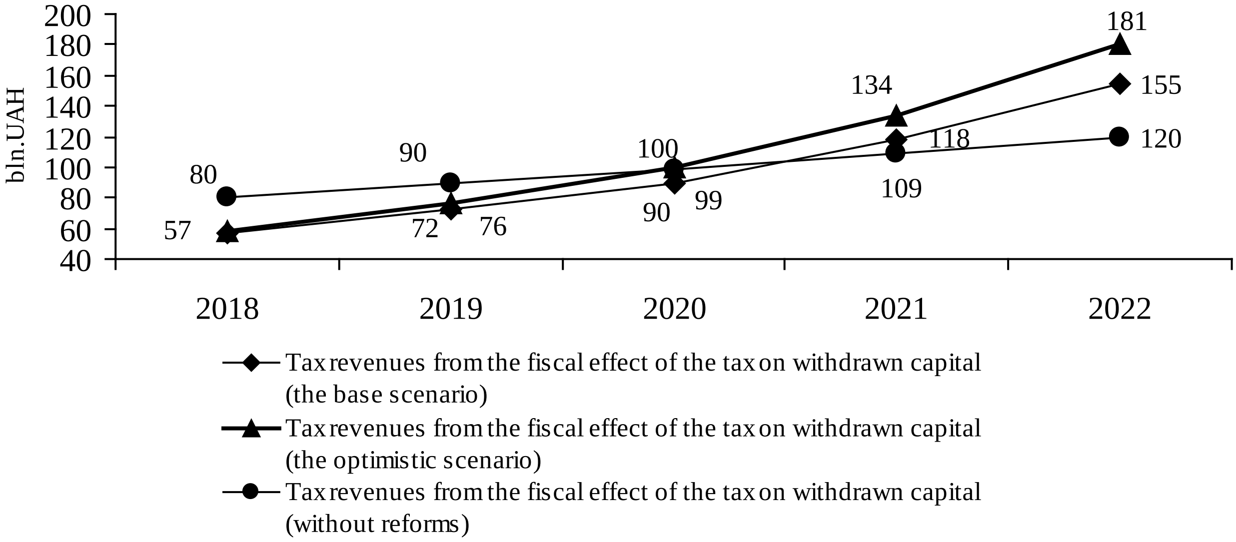

Fig. 4. **Estimated values of tax revenues of the classical and alternative models of corporate income tax in Ukraine**

Source: Summarized by the author according to [12]

The implementation of the process of fiscal decentralization should be based on the principles of strengthening the responsibility of local authorities for the results of territorial development, the exercise of powers on the incomes of the respective regions, the transparent functioning of fiscal institutions that will ensure macroeconomic stabilization, implemented through the establishment of institutional norms and rights, control and supervision accumulation and spending of public funds and funds of local budgets.

One of the levers of influence on fiscal processes at the local level, where territorial communities and their representative bodies become closer to the drawing up and implementation of the local budget, is the creation of a mechanism for the tax on the withdrawn capital, which contains an investment component, stimulates the increase of working capital and the possibility of their reinvestment on expansion of production (replenishment of own capital) and, as a consequence, ensures an increase in the level of entrepreneurial activity, establishes simple and transparent tax rules for legal entities, eliminates discreteness, stops capital outflow from the country, reduces fiscal pressure on business, has a tangible positive effect on the Ukrainian economy in the form of stable economic growth by an average of 4.5-5.5% per year.

Solving the issue of changing the classical system of income taxation of legal entities tax on withdrawn capital will facilitate:

firstly, an increase in investments, since not all income will be subject to taxation, but only that part which is actually paid to individuals in the form of dividends, as well as capital that ultimately leaves the tax system;

secondly, reducing the administrative burden through a limited list of transactions with non-tax payers, which is associated with the withdrawal of capital in various ways from the tax system;

thirdly, improvement of access to credit facilities, in the absence of necessary manipulations on the indicators of financial reporting in order to optimize tax payments;

fourth, the positive impact on entrepreneurial activity, through the ability to independently make decisions on the time of tax payment and the investment of entrepreneurial activity.

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